

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 EB-11 L-03 TRSE-00 XMB-07 AID-20 COME-00

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P 061700Z FEB 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 6535

LIMITED OFFICIAL USE KINSHASA 1188

FOR AF/C COHEN

E.O. 11652: N/A

TAGS: ECON, CG

SUBJECT: INGA-SHABA TRANSMISSION LINE NEGOTIATIONS

1. REQUEST YOU FILL AMBASSADOR VANCE ON STATUS OF
LOAN NEGOTIATIONS AS SEEN FROM HERE.

2. LATE FEB 5 BOKANA AND COLLINET AT PRESIDENCY ASKED
COOKE WHAT WERE REMAINING MAJOR SUBSTANTIVE POINTS TO
BE DECIDED IN MUNICH. COOKE REPLIED THAT AS OF THE TIME
HE LEFT NEW YORK THEY RELATED TO CHANGES IN THE DRAWDOWNS
IN ANNEX "A" AND "B" AND IN THE CROSS-DEFAULT CLAUSE.
COOKE EXPLAINED THAT THE LATTER HAD BEEN EXPANDED AT
FNCB'S INSTANTANCE TO INCLUDE NOT ONLY ANY DEFAULT ON THE
PART OF THE BORROWER (SNEL) BUT THE GUARANTOR (REP OF
ZAIRE) AS WELL, WHICH TOTALS \$20 MILLION.

3. BOKANA SAID CHANGE IN ANNEX "A" PROBABLY WOULD BE
ACCEPTED. WHILE HE DID NOT LIKE CHANGE IN ANNEX "B"
REQUIRING \$22 MILLION IN EURODOLLAR BORROWING BEFORE
EXIM AVAILABLE, HE THOUGHT GOZ WOULD PROBABLY
AGREE. EXPANDED CROSS DEFAULT CLAUSE, ON OTHER HAND,
COMPLETELY UNACCEPTABLE AS AN INFRINGEMENT ON ZAIRE'S
SOVEREIGNTY. COOKE STATED DE MUNNICK OF FNCB'S "ABSOLUTELY
INSISTED" ON EXPANDED LANGUAGE. (COMMENT: COOKE NOT
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CERTAIN WHETHER THIS FNCB'S OWN REQUIREMENT APPROVED AT

HIGH LEVEL OR WHETHER FNCB OBLIGED INSERT CLAUSE IN ORDER TO PUT CONSORTIUM TOGETHER. COOKE DID SAY NEITHER EXIMBANK NOR AMEXCO MAKING SUCH DEMAND. IN ADDITION, HOWEVER, LANGUAGE HAS NOW BEEN INCLUDED IN ALL LOAN AGREEMENTS WHICH HAVE BEEN DISTRIBUTED TO SOME 20 BANKS IN VARIOUS COUNTRIES. END COMMENT). COOKE HAS REPORTED FOREGOING TO LOGAN IN MUNICH WHO CONFIRMS FNCB'S POSITION BUT WHO HAS NOT YET MET WITH BISENGIMANA.

4. HOWEVER, SPINK OF FNCB HAS JUST FOUND TWO RECENT LOAN AGREEMENTS INVOLVING GOZ WITH CROSS DEFAULT CLAUSES SIMILAR TO INGA-SHABA DRAFT. ONE IS FOR \$50 MILLION EURODOLLAR LOAN TO GOZ. ANOTHER IS A RECENT \$22 MILLION LOAN TO OTCZ GUARANTEED BY GOZ. COOKE HAS NOW INFORMED BOKANA OF THESE PRECEDENTS WHO REPORTEDLY WAS UNAWARE OF THEM.
NEWLIN

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